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May 8, 2015
Arizona Corporation Commission

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Commissioner Tom Forese
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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AZ CORP COMMISSION
DOCKET CONTROL

Dear Commissioner Forese:

I am sending this letter to you regarding Docket Number E-0157⁵A-15-0127, the application of Sulphur Springs Valley Electrical Cooperative, Inc. for approval of a new Net Metering Tariff Schedule NM-2 and revisions to the existing Net Metering Tariff Schedule NM.

In January 2012, we purchased a solar voltaic array system for installation on our property in Cochise County, Arizona. We believe that solar power is the way to go for homes in Arizona and it offsets our costs for electricity as well as contributing to a clean environment as well as helping the power company (in our case, it is SSVEC). Thus, we were comfortable in paying the initial outlay costs to purchase the solar equipment and installation from a reputable company from Tucson, Arizona.

Now, SSVEC has recently proposed a revision to the current net metering rules. This proposal will reduce the value of excess generation for new customers, and eventually current customers (like us) by roughly 75% from 12.6cents per kWh to 3 cents per kWh. We hope you will agree that this is obviously a bad situation for solar and non-solar customers as well as the myriad of small, but reputable, solar companies in Arizona. SSVEC alleges that there is a "cost-shift" with solar customers not paying their fair share of grid costs. Additionally, SSVEC is proposing to completely gut net metering, compensating solar customers only the wholesale rate for energy they send back to SSVEC. We believe that this is an ill-considered change in policy, since it does not consider the overall goals of SSVEC's ratepayers, both solar and non-solar. Moreover, if this policy were to be approved, it will no doubt discourage additional non-solar customers throughout the state from considering solar power in their homes. This inevitably will cause small solar companies to reduce their number of employees and, at worst, go out of business.

You should realize that a cost shift is not unfair by default; SSVEC's rates already include a number of cost-shifts due to their rate design, wherein customers pay less or more than their fair share of grid costs. Some examples are customers who leave town for much of the year, customers with very low or very high energy use, and urban versus rural customers (like us).

I urge you to consider cost shifts in a rate case at the Arizona Corporation Commission. This process will allow a careful examination of the best policy options for SSVEC ratepayers, along with introduction of evidence, expert testimony, and significant ratepayer input.

Sincerely,

Raymond Patrone

Raymond and Carol Patrone



Mr. Raymond A. Patrone
PO Box 216
Saint David, AZ 85630

PHOENIX, AZ 850

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Arizona Corporation Commission
Attn: Commissioner Tom Forese
Commissioners Wing
1200 W Washington - 2nd Floor
Phoenix, Arizona 85007

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Arizona Corporation Commission

Commissioner Tom Forese
Arizona Corporation Commission
Commissioners Wing
1200 W. Washington - 2nd Floor
Phoenix, Arizona 85007

Re: Docket No. E-01575A-15-0127

We write to state our firm opposition to SSVEC's proposed exemption from the current rules governing net metering on the grounds outlined below.

We installed our 24-PV panel rooftop array in March 2014 at an out of pocket cost of over \$20,000 and after two discussions with SSVEC management personnel. During these discussions with SSVEC, the desirability and cost-effectiveness of net metering were fully explained to us. We were convinced by SSVEC that residential solar was an environmentally responsible, cost-effective option that also benefited small business and employment in the State of Arizona. In addition, they explained that by becoming involved in the production of solar energy, we would also be helping SSVEC to reach their solar quota.

At no time was there any hint that the basic structuring of the program would be reviewed or changed in the future! On the contrary, SSVEC was enthusiastic about our participation in the program, and we were assured that residential solar as it was structured was fully supported and endorsed by the Co-operative.

Acting in good faith, we signed the required documentation and entered into a contractual agreement with SSVEC shortly thereafter. Our system went online on March 28, 2014.

In mid April 2015, SSVEC sent out a notification of "proposed" changes to the rules, policies and procedures concerning our net-metering contract. Contrary to what SSVEC's management personnel had discussed with us, and contrary to the assurances we had been given, the notice instituted radical and retroactive changes to SSVEC's net metering rules and policies. This was accomplished without discussion,

forewarning, or public hearings. SSVEC's notice also failed to include a docket # or any details as to what action members opposed to the proposal could take. Furthermore, the notice that went out to residential solar providers did not specify the actual rules or regulations from which SSVEC is requesting exemption.

In fact, SSVEC's "proposal" was not really a bona-fide proposal at all, as SSVEC arbitrarily, unilaterally, and without any consultation or discussion whatsoever instituted the "proposed" changes within days of mailing out the notice.

To retroactively institute a rule change of this magnitude in this way is, if not wholly illegal, then at best unethical, anti-democratic, discriminatory, anti-small business, contrary to the universally recognized principles of honest business practices, and runs contrary to the spirit of any Co-operative Utility democratically constituted and obliged to act in the best interests of all its members. This is no way for a co-operative partnership to act!

We are also opposed to the proposed 20-year grandfather provision, as nothing was told to us regarding any such time-limiting provision when we met with SSVEC before installing our residential system in March 2014. This provision runs contrary to our long-term interests, as it would leave us with an aging, impossible to service on-roof system of ever decreasing value as the grandfather time period decreases. The actions of SSVEC have thus actually decreased my property valuation, and will increasingly do so as time advances.

SSVEC's proposal effectively guts and destroys the residential solar industry in our region of Arizona, and will have a negative impact on employment in the State, and in my own community. With the residential solar industry gutted and destroyed, who will be available to maintain and service residential solar arrays and their component parts? Already, 95 employees of Solar City have been relocated out of the State of Arizona, and more are likely to follow. Many other solar suppliers and installers are in a similar state of disarray. It would appear that SSVEC is attempting to convert solar power generation in our region of Arizona into a monopoly by squeezing out the very homeowners, businesses and innovators that were instrumental in demonstrating the viability and

dependability of solar as an alternative energy source. SSVEC is proving itself to be an extremely poor corporate citizen in this regard.

The SSVEC net metering notice reads, "Today, not everyone is paying their fair share, which is why it is important to discuss this net metering issue." We take exception to this incorrect and misleading statement.

SSVEC seems to have forgotten that while we are indeed producers of electrical energy, we are also very much consumers, and as such are paying the exact same basic service fee as non-solar customers! We are also paying that same residential tariff per kWh delivered as non-solar customers.

SSVEC's attempt at a rate shift in their application begs the question of just who is and who is not, "Paying their fair share". Are residential customers paying their fair share relative to commercial and industrial customers? Are rural customers paying their fair share relative to urban customers? Are part-time Arizona residents paying their fair share?

Our rooftop installation is part and parcel of SSVEC's grid. It was installed and is being maintained at our expense, without costing SSVEC one cent. Under the terms of the contract we signed in good faith in early 2014, and by SSVEC's own reckoning, we entered into the program realistically expecting a 7-10 year payback. If SSVEC's exemptions are granted, we can expect a similar system to ours to have a payback period extending out as far as 30-40 years. The overall R.O.I. is similarly drastically reduced and fatally extended. This effectively destroys any incentive for residential solar in the State of Arizona.

Therefore, we respectfully request:

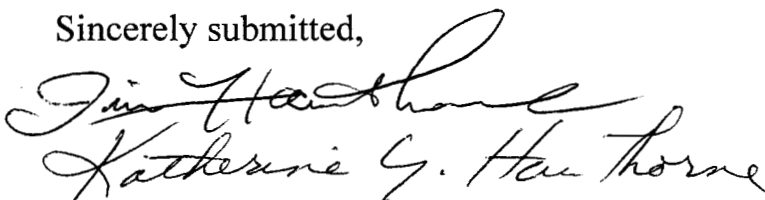
1. That the ACC refuse to accept the "grandfather provision" in the SSVEC proposal so that solar installations can continue under the current net metering rules as was previously endorsed and agreed to by SSVEC;
2. That the ACC consider the proposal that SSVEC has submitted in Docket No.: E-01575A-15-0127 to be unfair

and discriminatory to the solar customers that have invested a lot of money out of pocket in order to be environmentally responsible citizens making a considerable contribution to the economy and employment of the State of Arizona;

3. That the ACC move to turn the SSVEC proposal into a rate case instead of a change in the net metering agreement. If SSVEC cannot cover the costs of doing business under their current rate charges, then, the rates should be raised across their customer base. Two percent of their customers should not be penalized for being environmentally responsible.
4. That the ACC expedite their review of Docket No.: E-01575A-15-0127. The fact that SSVEC has already instituted the radical and unfair policies and practices contained in their proposal has already had a negative impact on the residential solar industry in the State of Arizona. This is a clear example of a situation wherein *"Justice Delayed"* will certainly result in *"Justice Denied"*.

Thank you for your consideration.

Sincerely submitted,



Handwritten signature of Jim Hawthorne in cursive script.

Jim and Kathy Hawthorne
2156 Sandspring Crt.
Sierra Vista, AZ 85650

Debra Scordato

From: Chris Hilliard <hilliarcc@cox.net>
Sent: Sunday, May 17, 2015 1:29 PM
To: Forese-Web
Subject: SSVEC Net Metering Changes

E-01575A-15-0127

Dear Commissioner Forese,

Please deny SSVEC's request to impose additional costs on the utility's paying customers who also choose to install photo-voltaic (PV) systems.

SSVEC has recently followed the lead of Arizona's other power utilities by attempting to change the terms under which utilities buy electricity from customers who install PV systems. Contrary to the implied message in the utility companies' synchronized marketing campaigns, these customers pay the full price for the electricity they buy from the electric utilities. They also lower the utilities' costs by reducing their production burdens. By installing household PV systems, they lower aggregate demand for power during the day, which reduces the utilities' need to bring additional generating capacity online. By selling un-needed electricity produced during peak demand times (the working day), they provide additional capacity to the electric grid at the very time that the grid is most strained. The combination lowers electric utilities' day to day costs and helps them delay capital-intensive expansion of the utilities' generating capacity. Customers who install PV systems save money for themselves and the power utilities. They shouldn't be penalized for doing so.

Sincerely,

Christopher Hilliard
3672 La Terraza Drive
Sierra Vista, AZ 85650